FOREIGN AGRICULTURE

December 14, 1970

Proposed Canadian Grain Policies

World Agricultural Production and Trade

Foreign
Agricultural
Service
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OF AGRICULTURE

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In this issue:

This week's cover:

Harvesting rice in Indonesia. High-yielding varieties have boosted rice production throughout Southeast Asia. For a discussion of world agricultural production and trade see article beginning page 4. (FAO Photo)

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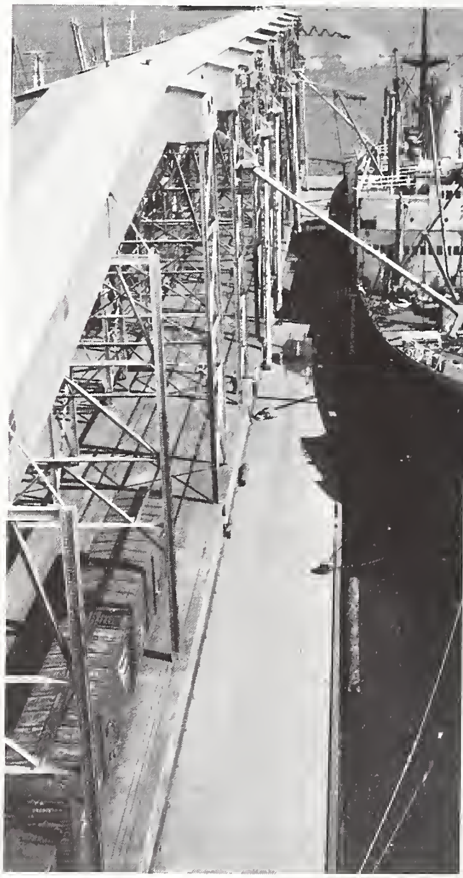
Toward I

Expo

Far right, Saskatchewan grain farmer on a combine during harvest. (Photo by Canada's National Film Board.)



Above, loading wheat destined for Mainland China on a ship in the Vancouver harbor. (Photo courtesy of the Canada Department of Agriculture.)

lew Stance nternal and irains Policy

Above, country elevators for storage of ıeat and other grains are lined up along he railroad tracks in a small farm town he Prairie Province of Alberta. (Photo ourtesy of the Canadian Wheat Board.)

In November the minister responsible for the Canadian Wheat Board, the Honorable Otto E. Lang, after an earlier formal presentation of proposals to the Canadian House of Commons, published an outline of a new policy applicable to raising, marketing, and exporting wheat and other major grains and oilseeds.

This new program for Canadian prairie grains emphasizes increased aggressiveness in finding and keeping overseas grain markets, and efficiency of grain production, storage, and selling within Canada. The program now in effect was designed to hold down grain production and to reward farmers for taking land out of wheat or out of production entirely. The major innovation of the new program would reward farmers for selling grains during good export years by a scheme of income compensation effective when foreign sales are slow.

Publication of the new proposal follows a year during which wheat area had been sharply cut back under "Operation Lift" to about 12 million acres —the least acreage since 1914. Production for the crop year 1970-71, estimated at only 332 million bushels, was designed to meet Canada's needs when export chances looked dim because of grain oversupply in the world. At present, though, officials of the Canadian Wheat Board have predicted exports in 1970-71 of 700 million bushels of grain—which, if achieved, would be a Canadian record. Export commitments for barley are already at a new high. Heavier demand for Canadian grain is principally the result of lower grain production for both food and feed in Eastern and Western Europe.

Canada's new face toward its grain production, intended to fit the changing world market situation, has several general objectives.

One goal is for Canadian farmers to be flexible in their spring planting choices between wheat, barley, oats, rapeseed, flax, and rye in such a way as to maximize both grain and oilseed exports and farmer returns. To achieve this, more information needs to be made available to Canadian farmers before planting each spring plus some price incentives toward production of the most marketable grains. Another prod in the same direction is having farmers themselves shoulder some costs, such as wheat storage fees and low profitability in times of glut on world export markets for grains.

On the export side, Canada wants to promote a steady and expanding share of world trade in grains and oilseeds. It especially wants to continue and augment its feed barley sales. Therefore, larger barley acreage will be encouraged next spring both to provide for 1971 sales and to permit a stock buildup. At the same time, efforts will be made to keep barley export prices competitive with those of other feedgrains—particularly U.S. corn.

The chief tool of the new proposal is a plan to stabilize both yearly grain production and farm income from grain sales. The plan would be retroactively effective as of August 1, 1970. It would work as follows:

In any year in which total cash receipts by Canadian grain producers for wheat, oats, barley, rye, flax, and rapeseed together fall below the average of the total receipts for these crops for the previous 5 years, the deficit will be made up for eligible Canadian farmers.

Payment made to an individual farmer will be based on his total cash receipts (up to a certain limit) for marketings of the products already mentioned over the past 3 years, including the year in which payment is made. In other words, the greater his cash receipts in the past (indicative that the farmer has been planning his production for salability), the greater the base of his payments.

Money for such payments will come from a fund financed by farmers themselves through a regular deduction from receipts each year up to a certain maximum. Money will accumulate in good sales years to be used in poor ones. In a year in which distribution exceeds funds, the difference will be made up by a Government grant that will not be repayable from future contributions of grain producers.

This income stabilization plan is expected to cost the Canadian Government about $100 million in 1970-71 in spite of good foreign sales because of low domestic wheat marketing by farmers from the small crop produced under "Operation Lift."

Other features of the proposed grain program are as follows:

- An improved market information system would make available to farmers before March 1 each year the latest outlook for world markets and domestic production in grains and oilseeds.

(Continued on page 16)

A Look at Current World Farm Output And Trade

By DONALD CHRISLER
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Preliminary reports indicate that world agricultural production for calendar 1970 will remain close to the long-term growth trend. The situation is especially favorable in the less developed countries—particularly India and Pakistan—while none of the indexes for the major industrial countries are above trend. Other significant circumstances during the year include increased prices for commodities exported by less developed countries to the United States and tighter controls on production in the industrial nations.

Above-trend production in Pakistan (despite the recent floods) and India during the past 3 years can be attributed to the rapid adoption of high-yielding varieties of wheat—and to a lesser extent rice—which has been sustained by favorable weather. In 1970, 33 percent of India's wheat area and 15 percent of its rice area were planted to new varieties. In Pakistan, where long-term agricultural growth has been especially notable, the shares were 50 percent and 10 percent, respectively. Adequate irrigation, abundant sunshine, and fewer insects have accounted largely for the success of new grain varieties in West Pakistan. Thus, although the effects of weather cannot be discounted, indexes for Pakistan and India for 1968-70 may indicate the beginnings of new upward tendencies.

In contrast, production in Turkey has been far below trend in 1969 and 1970. Because of limited irrigation, new wheat varieties have been introduced on only 15 percent of Turkey's wheat area, and poor weather has plagued traditional varieties in recent years.

Agricultural progress has been mixed in the Latin American countries in recent years. In Mexico, a high long-term growth trend reflects the cultivation of new wheat varieties, expanded irrigation, and the introduction of other advanced techniques. However, the impact of unfavorable weather on the 1969 corn crop and the 1969 and 1970 cotton harvests has pushed the index far below trend in those years. Output was above trend in Argentina and below trend in Brazil during 1969 and 1970.

Of the industrial countries, the United States, the USSR, the European Community, and Australia have recorded production close to trend in 1970. While Soviet production has recovered this year, output has leveled off in the United States, the EC, and Australia during the past 2 years. The growth indexes for Japan, the United Kingdom, Canada, and Poland were all notably below trend in 1970.

Outlook for world grain

Recent performance in the industrial countries has been influenced by production controls on wheat in Canada, Australia, and the United States, as well as a programed reduction for acreage planted to rice in Japan.

Among the industrial countries, the long-term agricultural growth trend has been steepest in Australia and by far the most gradual in the United States. Trends for the EC and Japan are close to the world average, but those of the United Kingdom, the Soviet Union, Poland, and Canada are significantly above the average.

World grain production in 1970 is forecast to equal the high levels of 1968 and 1969, despite sharp declines in U.S. corn and Canadian wheat. Record grain crops were harvested in the USSR, Mainland China, India, and Brazil. World stocks of wheat and rice are the largest in 10 years, but feedgrain stocks have declined. As a result of subsidized exports and subsidized livestock feeding, EC grain stocks were reduced during the year. However, inventories increased in Canada and Japan during 1970.

Controls on wheat production

Combined wheat acreage in Canada, Argentina, Australia, and the United States for 1970 was one-third below the 1967 peak and by far the lowest of the past decade. The sharp reductions resulted from production control programs, reinforced by unfavorable price prospects and drought at planting time in Argentina and Australia.

Canada made the most drastic adjustment, with wheat acreage cut by about 50 percent this year; while acreage seeded to wheat in the United States—already restricted sharply in previous years—was down a further 10 percent. Stocks in the United States, Canada, and Australia total about 60 million tons, however, and exportable supplies are ample.

With expanded sales in Mainland China, Brazil, the UAR, Peru, and Syria, Canadian exports will increase significantly during 1970-71. The United States and Australia will also record wheat export gains this year. As of November 1, U.S. wheat sales registered for export for delivery July 1970-June 1971 amounted to about 8.5 million tons—roughly double the sales registered on November 1, 1969.

The Soviet Union has an extensive influence on the world wheat trade. For example, during the past 10 years, the average annual change in Soviet wheat production was 15 million tons—an amount equivalent to an average Canadian crop. With substantial stocks and a 1970 crop 15 million tons larger than last year, the USSR should be able to continue its export growth. In most markets of the world, however, the USSR faces very large supplies of wheat in all competing countries except Argentina and France.

Drought and unattractive support prices in Argentina have caused significant acreage declines in wheat, and Argentina's net exports are expected to be small in the coming year. France, an important force in the wheat market during the past 2 years, has had its smallest harvest since 1966 and will export less in 1970-71.

The wheat outlook among major im-

porters varies greatly. A near-record crop was harvested in the United Kingdom in 1970, while production in Turkey was the lowest since 1965. Because of flood damage, East Pakistan may receive increased wheat shipments in the coming year, while Japanese imports are forecast to remain near last year's high level. Although it is too early to predict accurately, it looks as though India's wheat imports will decline somewhat during 1970-71.

Increased feedgrain crops

Increases in **feedgrain** output are especially notable in Latin America, with good prospects for corn and sorghum exports from Argentina. Brazil had a bumper corn crop in 1970, and Mexico's crop was substantially larger than its poor 1969 harvest.

Barley production in Canada is up somewhat in 1970, and supply is at a near-record level. Forward sales indicate that Canadian barley exports may reach a new high in 1970-71. The UK barley crop is the smallest since 1964; but with a record wheat harvest, more domestic wheat is expected to be used as feed. Although barley supplies have declined in France, an excellent corn crop should nearly offset the loss.

Thailand has harvested a record corn crop this year, and has recorded corn shipments for July-September 20 percent higher than in that period in 1969. Sorghum plantings are expected to increase in Australia.

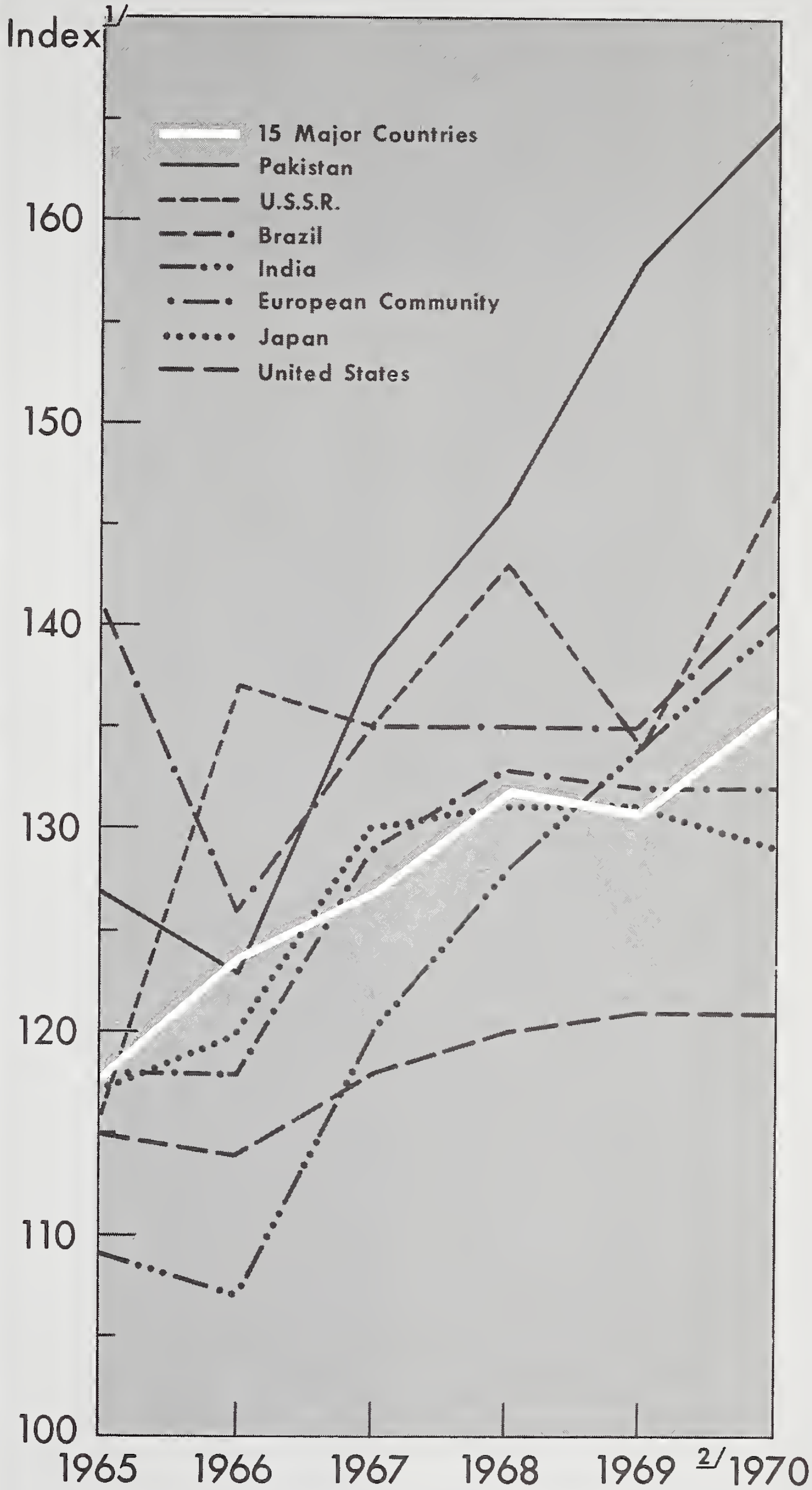
U.S. feedgrain supplies for 1970-71 are about 15 million tons below the 1969-70 level.

Feedgrain shipments by the major exporters have held about steady for the past 4 years. The decline in EC net imports since 1965 has offset the sharp rise in Japanese imports. In 1969-70, the United States and Argentina suffered the greatest losses in the declining EC feedgrain market. However, those two countries have gained substantially in the Japanese market.

With a growing livestock industry, Japan will continue as a strong market for feedgrains in 1970-71. East Germany, Poland, and Czechoslovakia are also expected to increase feedgrain imports during the next year.

Among major **rice** exporters, production in 1970 declined in the United States for the second successive year, recovered in Mainland China, and leveled off in Thailand, Burma, and Brazil. In Japan, burdensome rice

INDEXES OF AGRICULTURAL PRODUCTION IN SELECTED COUNTRIES



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stocks have resulted in a programed 10 percent reduction in acreage.

Among the importing countries, record crops were grown in India, South Korea, and Ceylon. Imports by India and South Korea will probably decline in 1970-71, but increased per capita consumption may cause a rise in Ceylon's imports. Floods damaged paddy fields and stored rice in East Pakistan and offset some of the beneficial effects of new rice varieties in South Vietnam. In Indonesia, rice harvests remain substantially unchanged, and imports are expected to increase somewhat.

U.S. rice exports, following a steady rise since 1961, leveled off in 1968-69 and increased only slightly in 1969-70. Commercial sales did not increase last year, and larger shipments to South Vietnam and Indonesia were almost offset by a decline in exports to South Korea. Thailand's exports also increased slightly in 1969-70, as did those of Burma and the UAR. Japan, usually an importer, became a significant net exporter last year. Rice exports by Mainland China, however, declined.

Oilseed demand up

Although the 1970 U.S. **soybean** crop is about equal to that of 1969, the supply was down about 5 percent on September 1, 1970, due to smaller stocks. Soybean exports from the United States increased in 1969-70 (September-August) for the 9th successive year, with sales increasing 50 percent over 1968-69. This compares with an increase of about 5 percent in each of the previous 3 years. The largest volume increases were in sales to the EC and Japan. At this early stage, it appears that 1970-71 exports of U.S. soybeans will remain at about last year's level. Demand for oilseeds is good, but in most cases the supply situation in competing countries is not known.

Mainland China apparently has a better soybean crop than last year, and Brazil should have more soybeans for export if weather is favorable and domestic demand increases less rapidly than in 1970.

Sunflowerseed production recovered in Argentina but declined in Eastern Europe. It may have also recovered somewhat in the Soviet Union. A recovery in exports of Soviet oil and seed, however, depends on domestic consumption and stock adjustments, although there are indications of a step-up in export commitments.

Canada's 1970 rapeseed production is estimated at 71.6 million bushels—more than double the record output of the previous year. Rapeseed exports jumped to 22 million bushels last year, and the export goal for 1970-71 is 35 to 40 million bushels.

Peanut production is forecast to decline this year in Nigeria and Senegal, the largest exporters. However, a record peanut crop is estimated in India.

EC oilseed requirements are up, reflecting larger numbers of hogs and poultry and smaller supplies of feedgrains. In Japan, where oilseed production is down 8 percent, consumption of edible fats and oils is projected to increase in 1970-71.

Cotton prospects mixed

World cotton production in 1970-71 is forecast to be near the level of the previous year, with a record crop in the USSR, an increase in the United States, a moderate decline in Brazil, and smaller declines in Mexico, the UAR, and Iran.

Because of a late spring and delayed harvest, the 1969 Soviet cotton crop was the smallest since 1964. This year, however, the crop matured early, and there was an extended harvesting season before the fall rains. From this record crop, the Soviet Union will have about 2.5 million bales available for export—more than enough to offset shortages in Latin America.

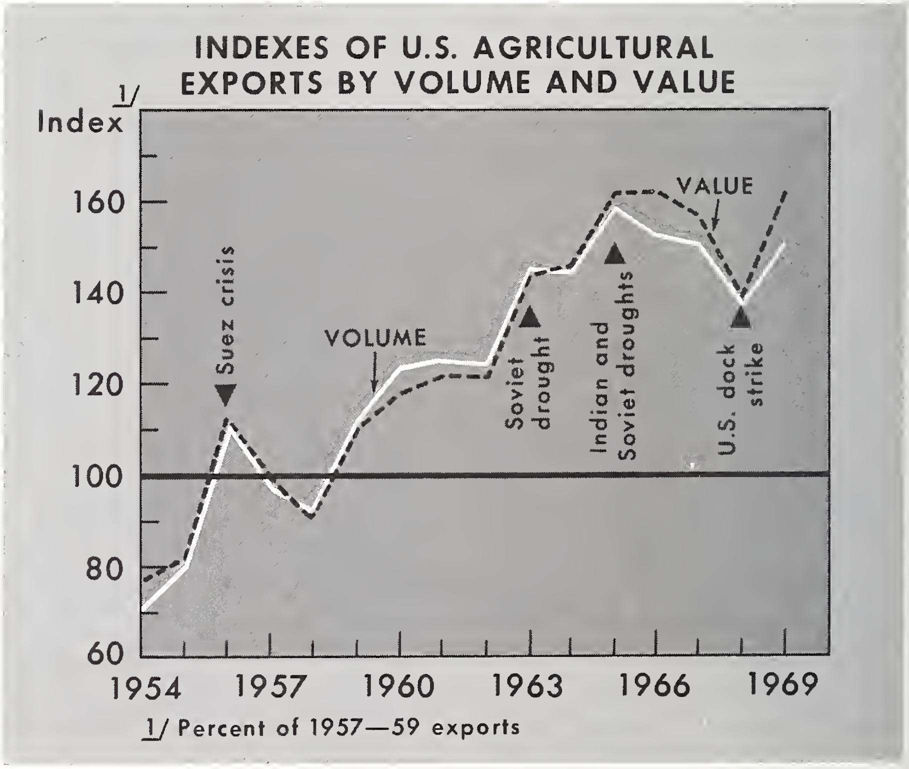
Recent U.S. trade

U.S. export levels for 1969-70 show a recovery from the decline experienced in 1968-69, which was largely influenced by the U.S. dock strike, large grain crops in other countries, and a shortage of certain grades of U.S. cotton. Increased soybean and grain sales made the major contribution toward recovery in 1969-70.

A sharp increase in the export unit value of soybean oil compensated for the effect of slightly lower soybean prices. Among the grains, higher corn and sorghum prices more than offset the dampening effect of very low wheat prices. Corn prices have continued to rise in the current fiscal year.

The value of U.S. agricultural imports rose 11 percent in 1969-70, following increases of 6 percent and 5 percent in the 2 preceding years. About three-fourths of the value increment last year was accounted for by higher prices for a number of commodities.

Among the major agricultural commodities imported by the United States, increments in total value were largest for beef, coffee, and cocoa, with a particularly sharp increase in coffee.



Australia Sets Up Wool Regulatory Commission

By Q. MARTIN MORGAN
Livestock and Meat Products Division
Foreign Agricultural Service

The Australian Government has established a Wool Commission to regulate the country's troubled wool industry. The Commission was constituted under legislation passed by Parliament during the first week of November.

Australia's wool industry produces about 20 percent of the country's total export earnings and accounts for 45 percent of the world's total raw wool exports. Australia's wool exports also make up more than two-thirds of world trade in apparel-type wools.

Establishing the Commission means the demise of the Australian "free auction system," world reknowned and often referred to as a model of wool marketing.

In recent years this system has come under increasing attack by Australian wool growers. Their disenchantment stems not only from the deterioration in wool prices, which hit their lowest level in 22 years during the 1969-70 season, but also from rising costs, which caused net farm income to decline more than wool prices. The overall effect has been disastrous to wool producers with relatively small holdings devoted primarily to wool production. This group includes most Australian sheep proprietors. As of March 31, 1966, about 34 percent of sheep proprietors had less than 500 head of sheep, 56 percent had less than 1,000 head, 80 percent had less than 2,000 head, 16 percent had 2,000-5,000, 3 percent had 5,000-10,000, and 1 percent had 10,000-50,000 head. Only six proprietors had 50,000 or more sheep. Significantly, about 90,000 of the 112,000 proprietors had less than 2,000 sheep.

Spokesmen for the small wool growers have for many years advocated the formation of a "single" marketing authority. In fact, the original resolution by industry organizations called for this type of organization. Such a body could be charged with compulsory acquisition of wool. However, the proposal the Australian Wool Board submitted to the Government called for the less extreme step of setting up a statutory authority, with certain powers relating to the whole clip, but operating within existing marketing arrangements under which a number of private firms carry out the physical task of selling wool.

The Commission will attempt to alleviate the wool industry's critical situation, caused mainly by low prices, through wool support prices. At the same time, the plan will enable the private trade to continue buying and selling wool—but under the Commission's watchful eye. Thus, the Commission will be a compromise between Australia's present "free auction system" and a single body with monopoly powers to buy and sell the wool clip.

The Commission's principal functions and powers will be:

- To operate a flexible reserve price system on a day-to-day basis for wool offered at auction.
- To operate a market intelligence unit and a statistical service.
- After due consultation, to enforce standards of clip preparation for wool offered at auction or sold outside the auction system.
- After consultation with appropriate industry bodies, to set terms and conditions governing the sale of wool at auction, and to control wool auction sale rosters and offerings.
- To operate a price averaging plan (similar to the current one) for wool from 1-, 2-, and 3-bale lots.
- To operate a voluntary pool for wool in lots exceeding 3 bales (this would be an extension of the price averaging plan) when judged appropriate by the Commission.
- To pay advances to growers included in the price averaging plan or to growers whose wool had been delayed beyond its normal eligibility for auction sale because of the requirements of the Commission.
- To be able to buy and sell wool outside the auction system or have wool processed if the class of wool concerned is being neglected at auction.
- To register firms at present operating outside the auction system and to obtain information from them on the type, yield, and price of the wool they handle.
- To provide for machinery enabling the Commission to constantly review the practice of private buying and selling of wool, and, as necessary, to recommend action to the Government when buying and selling is having demonstrably detrimental effects.
- To cooperate with organizations in other countries in measures aimed at more efficient wool marketing.

Two of the functions listed—namely the control where necessary of private buying and selling of wool outside the auction system and the setting of terms and conditions governing the sale of wool at auction—fall outside the Government's constitutional power to legislate and will require supporting State legislation.

Under the Commission, the risks of accumulating large stocks of wool will be minimized since the reserve price will not be fixed (as it was until recently in New Zealand and South Africa). No quantitative or financial limits will be placed on the amount of wool that the Commission can purchase and hold. Such a limitation on purchases and/or stocks held could adversely affect Commission operations. However, the Government will require assurances from the Commission that it will follow sound policy in its wool marketing operation.

Scenes from SIAL. Above, French comedian Jean Rigaux samples a tasty dish prepared in the U.S. demonstration kitchen, left. Right, the U.S. trade lounge.

U.S. Foods Triu[m]

And Other [...]

Thousands of consumers and members of the food trade saw and tasted U.S. products this fall at exhibits from Birmingham to Hong Kong.

Paris, city of haute cuisine, was flavorfully assaulted from November 9-15 by food products from 48 countries around the globe. The occasion was the 4th International Food Products Exhibition—SIAL—held at the new exhibition center at Porte de Versailles in southwest Paris.

This mammoth food fair held in conjunction with six other exhibitions—including equipment for the processing, handling, packaging, and preparation of food products—is of growing international significance. It attracted not only the French food trade but also buyers from all over Europe and even a few from Asia.

For the 98 American food firms whose products were on display at the U.S. exhibit, the fair was highly successful both in terms of sales and new trade contacts. Large transactions were reported for rice, variety meats, fish, citrus fruits, and juices. U.S. exhibitors recorded on-the-spot sales of $65,000 and expect sales over the next 12 months to run over $3.5 million. As a result of the show, several supermarket promotions may materialize as many representatives from French supermarket chains expressed a desire to stage promotions of U.S. food products in their stores.

Since this was a trade-oriented show, the trade lounge was the focal point of the U.S. exhibition. Flanked by a special display of the newest in U.S. food products, the European buyers discussed business with representatives for the U.S. firms.

The theme of the U.S. exhibit—Foods of the Future (La table de demain)—was carried out in a special display of 200 products introduced on the American market within the past 18 months and never before available to French consumers. Although the United States has taken part in each of the previous biennial Paris exhibitions since their beginning in 1964, this is the first in which new U.S. products have received so much emphasis. Imitation meat products developed from vegetable materials, as well as a wide range of other new protein foods made from vegetable and other sources, attracted special attention. Oven and toaster-ready items also proved to be great favorites.

Lily van Pareren-Bles, well-known Dutch food authority, utilized the new foods in preparing tempting dishes geared to the French tastes. The ultramodern demonstration kitchen where she worked was equipped with a micro-oven and a blender that cooked in addition to stirring, blending, and crushing.

In addition to the new food items, familiar favorites also attracted much attention from the trade. These included a variety of fresh fruit and vegetables air-shipped from production areas in the States, as well as rice, beans, canned goods, meat products, citrus juices, and fishery products.

The fall circuit

Besides the exhibit in Paris, U.S. foods traveling the trade fair circuit this fall made appearances at the Second Food Industry Fair in Brussels (Sept. 2-7); IKOFA, the International Exhibition of Groceries and Fine Foods held in Munich (Sept. 19-27); and the Midlands Ideal Home Exhibition which took place in Birmingham, England (Sept. 30-Oct. 24).

U.S. turkey and beef starred in solo shows in Hong Kong and Singapore. Below, Kenneth Nuernberg discusses USDA grading standards for beef. Right, Michigan beans at SIAL.

n at Paris' SIAL

Exhibitions

At Birmingham, thousands of British consumers viewed and sampled some 40 items displayed by 12 U.S. food firms as well as cooperating lard, raisin, and rice industries.

Running concurrently with the exhibit were point-of-purchase promotions at stores in the Midlands area. Busy housewives were intrigued by the large number of convenience items shown at the Fair — frozen hors d'oeuvres, cakes, pastries, and turkey rolls which could be thawed and cooked in a matter of minutes. Other U.S. favorites such as honey, popcorn, raisin bread, cranberry jelly, citrus juices, and fresh fruits and vegetables also drew approval from those eager to see and taste the American products.

Hong Kong and Singapore

Striking out on their own, U.S. beef and poultry were presented to trade representatives at special 1-day demonstrations in Hong Kong (Oct. 29) and Singapore (Nov. 2). Buyers from hotels, restaurants, catering organizations, and importing firms saw Kenneth Nuernberg, USDA meat marketing specialist, demonstrate the preparation, carving, and uses of high-quality U.S. beef. He also explained various cuts of meat and discussed USDA grading standards. Herman Leis, U.S. chef and food lecturer, demonstrated practical methods of preparing poultry dishes.

Similar demonstrations were held last fall, and as a result, U.S. beef and poultry have been featured regularly on the menus of many top-quality hotel restaurants in both Hong Kong and Singapore.

The Institute of American Poultry Industries (IAPI) carried out its own turkey promotion in Hong Kong from October 26 to 28. The exhibition held at the City Hall drew an estimated 25,000 members of the general public and 2,000 members of the trade. Herman Leis and six Chinese chefs gave cooking demonstrations utilizing turkey in Chinese cuisine and encouraged visitors to try samples of the dishes.

Virtually all of the turkey imported into Hong Kong—1.8 million pounds in 1969—has gone into the local European resident, restaurant, and ship chandler market. Turkey is not a familiar meat in Asia and therefore is not generally used as an ingredient in Chinese cuisine. IAPI had some of Hong Kong's leading chefs develop recipes incorporating turkey in Chinese dishes, and by exhibition time more than 20 recipes utilizing cooking styles from all over China had been accepted for demonstration purposes.

View of the U.S. exhibit at Birmingham's Ideal Home Exhibition.

Left, containers carrying Danish bacon ready to board ship at the Danish port of Esbjerg for destinations in Britain and the Continent. Below, feeding the Danish Landrace.

Danish Bacon Industry Considers Breed Changes

By HARLAN J. DIRKS
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The Danish bacon industry—which for decades has been based on the production of a "tailormade" Landrace hog for the U.K. bacon market—may be in for some changes. Industry leaders are saying that the time has arrived when a crossbreeding program must be started for the Landrace. Also, with preparations now underway for EC membership, Denmark is considering what marketing adjustments will be necessary in the future should Common Market accession be completed.

During the past 40 years, hog production in Denmark has been based almost solely on the Danish Landrace hog. The guiding principle has been to improve the Landrace to such an extent by breeding and selecting that the breed would fulfill all requirements of a "perfect" bacon hog and therefore render any crossbreeding programs unnecessary.

An extensive system of breeding centers and testing stations was established to provide producers with Landrace hogs of the highest quality. The program has been tightly controlled to keep the breed "pure." In fact, the Danes have guarded their famous Landrace so closely that a special order was passed in 1958 prohibiting the export of all breeding pigs and semen from the Danish Landrace breed.

There is no question that this selection program has produced outstanding bacon quality hogs; however, Professor Hjalmar Clausen, Denmark's leading swine authority, says that the time has come to consider a crossbreeding program for the Landrace. Professor Clausen says the breed is lacking in constitution and fertility and that future marketing conditions will probably dictate such a change anyhow.

This is not the first time that a crossbreeding program has been advocated. All earlier proposals were discarded, however, for fear that a crossbreeding program could not be kept under control. Now with EC membership close at hand, the Danes will soon have to give up export and import restrictions for breeding hogs, and when this happens it will be possible for Danish hog producers to experiment with crossbreeding on their own. This, according to Professor Clausen, will give rise to an uncontrolled crossbreeding program that could reduce carcass quality. He advocates starting a crossbreeding program now while it can still be controlled.

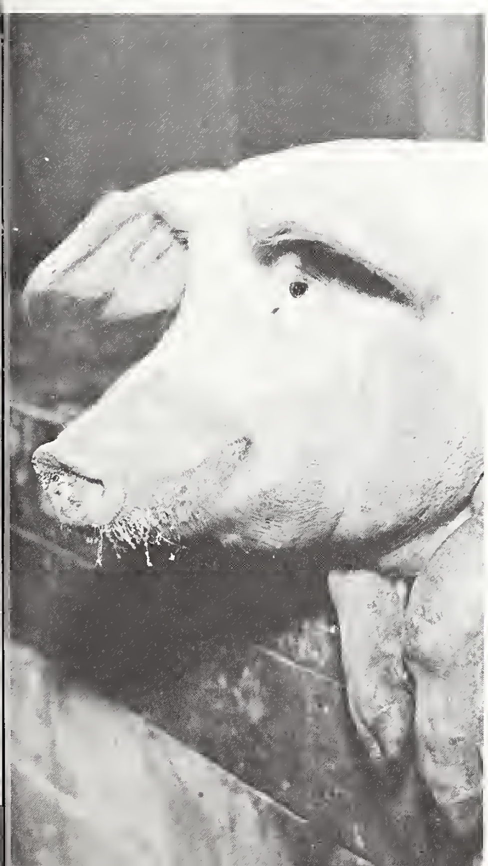
As might be expected, Professor Clausen's proposal has given rise to much debate. Although most leaders in the industry have a positive attitude toward the proposal, many feel that poor results are due more to management and health problems than to the

Landrace's constitution. At the same time, the purebred hog breeders claim that starting a crossbreeding program at this time would spoil their chances of selling breeding animals to EC countries once membership is attained. The breeders have been eyeing the strong export market potential for a number of years. The Danish Bacon Association has always opposed any program that might lower bacon quality.

As a compromise, the National Committee for Pig Breeding has decided that trials crossbreeding Landrace sows with Yorkshire boars should be carried out under Danish conditions before Professor Clausens proposal is adopted. These trials are to be coordinated with the Swedish crossbreeding program, which is using Swedish Landrace and Yorkshires, after which U.S. Hampshires and Canadian Lacombes are to be used. Assessment of the carcasses is to take place at the Danish carcass evaluation centers. It is expected that results from the trials will be available in 3 to 4 years' time.

Another force behind the demand for a change in breeding has come from the canning industry. For years the canners have been pressing the Danish Bacon Board for the production of a hog designed for the needs of the canning industry. Canners feel that the bacon hog is too small and the hams too light for canning purposes and are asking for a heavier hog. The canning industry is gradually gaining more power as the gap between canned meat and bacon exports closes. In 1969 canned meat exports amounted to $160 million compared to $223 million for bacon exports. The Bacon Association has resisted a "canning" hog for fear that the production of a heavier hog would eventually reduce bacon quality.

A crossbreeding program for the Landrace—a purebred bacon hog until now—is under consideration by the Danish industry.



Extensive tests are now being carried out on 16 farms for the production of a larger hog for canning. So far the canning hogs have been based on pure Landrace breeding. Bacon hog carcasses normally weigh 138 pounds, whereas the canning hogs are carried to a caracass weight of 160 pounds. Early results have shown that canning hogs can be produced for about 1.1 cents a pound cheaper than bacon hogs.

There are a number of Danish marketing programs and regulations for pork now in force that would not be compatible with EC regulations should Denmark enter the Common Market.

The home market price scheme—which results in higher home market than export prices—would have to yield to the EC price system. This presents no problems since EC pork-producer prices are nearly 40 percent higher than Danish prices. An important issue, though, is how the present activities of the Export Association of Danish Bacon Factories (ESS—Danish abbreviation) will line up with EC policy. There is also the question of the British Bacon Sharing Agreement and its future role in the enlarged Community. This agreement has been the mainstay of Danish bacon marketing for years.

At the present time, all exporting bacon factories in Denmark but one are members of ESS. This association has almost complete control over the production and marketing of bacon for the U.K. market.

About 50 percent of the hogs produced are sold to the United Kingdom in the form of Wiltshire bacon sides. About 30 percent are used for export canning and processing and the rest are either slaughtered for home market consumption or exported live.

Tight control by ESS over supplies has been necessary in order to fulfill Denmark's share of the British Bacon Agreement. The Association has also been the prime force in standardizing quality at a high level, enabling Danish bacon to command premium prices.

Although many of its present activities will have to be dropped if Denmark enters the EC, ESS could still play the role of a national association to coordinate quality control and export promotion activities. Denmark will definitely want to keep its "national label"—an image it has worked for years to attain. However, such ESS activities as price maintenance, price leveling, surplus removal, and sole export sales rights would have to go.

Common Market entrance would give Denmark access to an enlarged market and with it the opportunity for greater product and market diversification. Market forces have already been pushing in this direction as noted by the difficulty the Danes have had at times in fulfilling the U.K. commitment.

The demand for pork cuts in other markets has at times been so strong that it necessitated export levies to direct supplies to the U.K. market. However, nontraditional markets have been cyclical so that Danes have had to carefully guard the U.K. quota. Common Market membership would lessen this dependency to a great extent and at the same time provide the opportunity for more cutting and prepackage-selling of pork cuts.

The Danes have indicated that they are willing to abide by the EC rules which provide for the free movement of goods. There are no provisions for intramarket quotas in the EC, but Danish bacon is so well established on the U.K. market that there should be no problems in holding the market.

Denmark now has about half the total U.K. bacon market and accounts for nearly 75 percent of total bacon imports. Danish bacon has been bringing a 15-percent premium over other bacon on the U.K. market. The British, on the other hand, have indicated they may need measures to give stability to the market during the transition period.

The enlarged Community is expected to have a small surplus of total pork products—currently estimated at about 4 percent. This small surplus should present no particular problem as the Danes already have established markets outside the Community.

Intensive U.S. harvesting urged —

Demand for Lower Priced Cotton Rising

With demand for U.S. cotton continuing to improve—especially for the lower quality, shorter staple types—U.S. farmers are being urged to harvest every bale.

Sales to Far Eastern and Western European countries are increasing, notwithstanding the current slackness in yarn off-take in practically all Western European countries except Belgium and the United Kingdom. To some extent, greater U.S. domestic mill buying is also responsible for the improvement although most domestic mills are reportedly still covering only short-term needs while awaiting further developments in the harvest now ending.

The major factor contributing to the increased demand for lower priced U.S. cotton is the relatively tight world supply of shorter staple cottons. Although the current U.S. crop contains a higher percentage of these cottons than last year, competing countries are in less favorable supply positions.

In Pakistan, for example, where harvesting is almost simultaneous with the U.S. harvest, most of the exportable surplus is apparently committed.

In Brazil, the major competitor for U.S. short staple, planted acreage is down in the southern sector by an estimated 25 percent. While Brazilian cotton won't begin to move in volume until harvesting begins early next spring, short staple export availabilities outside the United States are expected to be exhausted before then leaving the United States in a very favorable marketing position.

Reflecting the tight world supply of shorter staples and resultant higher prices, some mills are reportedly beginning to substitute lower grade, medium staple for higher grade, shorter staple cotton in certain end uses. This could improve the market outlook for a significant volume of U.S. medium staple cotton that suffered rain damage prior to harvesting.

Trading in new-crop cotton is heavy as virtually all cotton offered is finding a ready market. Prices paid to producers range from slightly above CCC loan rates for the higher grade, longer staples to as much as 400 points above CCC loan rates for the lower grade, shorter staple qualities. While still slightly above levels a year ago, U.S. spot market quotations have generally eased somewhat in recent weeks as the volume of new-crop ginnings increased. In Osaka, however, c.i.f. prices for SLM 15/16 inch were quoted at around 26.30 cents per pound in mid-November, compared to about 24.00 cents during the same period of 1969.

U.S. sales of all qualities to the Far East and Europe have shown significant improvement recently.

This is due in part to the more competitive price of U.S. cotton compared with last year's and to the reduction in exportable supplies from Brazil, Mexico, Central America, Central and West Africa, and Pakistan.

Russia is nearing completion of a record harvest—reportedly as high as 10.7 million bales. Russian asking prices, however, indicate that increased consumption and the need to replenish stocks worked down last year have taken priority over increased exports for the moment. This picture could change, however, in the near future.

About 86 percent of the U.S. 1970 crop had been ginned prior to December 1—8.8 million bales—compared with about 84 percent of the crop at the same time in 1968 and 1969. Most of the unharvested cotton is likely to be in the lower quality range which is in greatest demand, particularly for export. USDA estimates total 1970 crop production at 10,270,100 bales as of December 1 conditions. This is down 159,000 bales from expectations a month earlier.

It now appears that there will be a ready market for practically all 1970 U.S. crop cotton at attractive prices, particularly for lower grade, shorter staples. U.S. producers are being encouraged not to abandon fields that still contain cotton, even those picked over once and damaged by weather before a second picking could be made.

U.S. cotton harvesting is now well advanced, following a 2-week period of favorable weather. After beginning slowly because of inclement weather, harvesting and ginning activity reached full-scale proportions during the November 14-27 reporting period when 2,332,000 bales, the largest volume on record for that period, was ginned.

FAS Forms Division For Trade Services

The Foreign Agricultural Service has organized an Export Trade Services Division to assist private traders through state agencies, trade associations, and other groups in activating U.S. food and agricultural exports.

A principal activity of the Division will be to develop a Trade Opportunity Referral System to facilitate communications between foreign buyers and U.S. sellers. Trade inquiries and market intelligence from agricultural attaches will be fed into it for distribution to interested U.S. suppliers.

The Division will also develop a data bank to supply quickly accessible data on product requirements and tariff and nontariff barriers overseas.

Operating through a small corps of trade specialists, the Division will work with state departments of agriculture, state extension specialists, trade associtions, export managers, freight forwarders, producers, exporters, transporters, bankers, and others to stimulate and coordinate export activity in the agricultural area.

Division Director is Raymond E. Vickery, former Director of the Grain and Feed Division and most recently Director of Reports and Statistics.

Canada Makes First Wheat Sale to Algeria

The Canadian Wheat Board recently agreed to sell 850,000-1 million metric tons of wheat to Algeria in the first long-term wheat sale from Canada to the African country. At the maximum, this sale is valued at about US $168 million. The agreement calls for shipments to begin August 1, 1971, and to be completed by July 31, 1975. However, shipments may be made earlier if requested by Algeria.

Precise pricing and shipping schedules will be outlined in contracts to be negotiated and drawn up at a later date between the Canadian Wheat Board and the Algerian Grain Buying Agency.

Terms of the agreement call for payment of 10 percent cash when each vessel is loaded and the balance, with interest, in 3 years.

The credit terms are made possible under a guarantee to the Canadian Wheat Board by the Canadian Government.

India Sets Up Agriculture Commission

The Government of India has, for the first time in 40 years, established a National Commission on Agriculture to make a comprehensive assessment of the progress being made by Indian agriculture and to determine ways to improve this segment of the economy. The country's last such full-scale appraisal of the Indian agricultural scene was made nearly a half-century ago by what is commonly called the Linlithgow Commission. Other inquiries have been made into India's agriculture since independence but they were all more limited in scope than the present one.

Specifically, the new group will "examine and report on the present conditions of agriculture and rural economy and make recommendations for the improvement of agriculture and the promotion of the welfare and prosperity of the people." It will also report on "development of infrastructures including facilities for transport, marketing, storage and processing, together with lines of future development."

The Commission on Agriculture plans to study the structure and functions of various agricultural services and determine the relative responsibilities of the Central Indian Government and the various States. It will also establish in clear terms the interrelationship between industry and agriculture in India.

The organization, which consists of five full-time members and 11 part-time, has been asked to investigate and report on land usage, cropping, land improvement, water resources and soil conservation, land reform, Package Programs, and agricultural education. It is also to make forecasts based on India's agricultural input and credit needs in the next decade.

Yugoslavia Gets First U.S. Cattle by Air

Yugoslavia recently received its first air delivery of U.S. breeding cattle.

The shipment of 80 purebred, registered, bred Holstein heifers, part of Yugoslavia's broad plan to improve its dairy industry, resulted from the FAS-sponsored visit of a three-man Yugoslav team to the United States. The team, which worked with officials of the Holstein-Friesan Association of America to select cattle to be shipped, expressed interest in further and larger shipments of U.S. dairy cattle, in addition to U.S. purebred swine, to Yugoslavia.

The cattle reached Belgrade airport safely, comfortably, and swiftly. Their ultimate destination was Pik Becej, a large cooperative farm in the Novi Sad area of Yugoslavia. The sale was arranged by Koprodukt, a Yugoslav Government trading corporation.

Plans are to exhibit some of the animals at the well-known Novi Sad fair in Yugoslavia to be held next spring.

Record USSR Grain Crop

The Soviet Union has harvested a record grain crop, reaching or surpassing the 174.5 million tons planned, according to M. A. Suslov, Secretary of the Central Committee. Grain production last year was 161 million tons.

U.K. Takes Measures To Fight Poultry Disease

The U.K. Government has called for a step-up in its vaccination program to combat a serious epidemic of the fowl pest disease, which has already killed an estimated 2 million head of poultry.

Minister of Agriculture James Prior, in urging that vaccination be restored to preepidemic levels, pointed out that only 50 percent of the national flock were vaccinated by July this year. Last year, by contrast, 80 percent were vaccinated, and there were only 40 cases of the disease.

The Government blames farmers' laxity for the decrease in vaccinations. Farmers raising broilers, particularly hard hit by the disease, say that until recently the cost of vaccination cut into profit margins already tight because of low prices.

Farmers favor reintroduction of the old policy of compulsory slaughter and Government compensation, rather than vaccination, as a method of control. But recent requests by the National Farmers' Union and the British Poultry Federation for the old policy were turned down by the Minister in favor of increased vaccination.

U.S. Farm Exports Set Record in October

U.S. agricultural exports in October 1970 reached an all-time high of $724 million, 12 percent above October a year ago and 4 percent above the previous high in 1966. This is the first time that exports in 1 month surpassed $700 million.

The increase was brought about by a 50 percent increase in grains and preparations which advanced to $290 million in 1970 from $195 million in 1969. Wheat exports of 69 million bushels were over two-thirds larger than the 41 million in 1969. Feedgrain exports of 2.2 million tons were one-third above the year earlier level. Rice exports of 4.3 million bags were about one sixth larger than they were in October 1969.

Other significant increases in October occurred for cotton—$22,868,000 compared with $18,954,000 in October 1969—inedible tallow, and almonds.

Exports of oilseeds and products at $181 million were down slightly from the $189 million in October 1969. Export value also declined for tobacco, fruit and preparations, meats and preparations, and dairy products.

EC-Australia Talks on Interim Agreement Set

Agriculture figured importantly in talks between the European Community and Austria on a partial, preferential trade agreement, which began in late November.

In addition to a mutual 30 percent linear tariff cut on industrial products, the provisional agreement will likely include reciprocal, balanced concessions on a selected list of farm products. The Community is expected to give concessions on beef and veal, condensed Alpine milk in bottles, wines, and certain processed agricultural products. Austria is likely to offer concessions on a somewhat larger number of items, for example, fruits and vegetables, citrus, eggs, and poultry.

The envisioned 3-year agreement would fall far short of meeting the criteria on coverage, plan, and schedule laid down by Article XXIV of the General Agreement on Tariffs and Trade. Implementation of the arrangement is likely to have some effect on U.S. trade.

CROPS AND MARKETS

Fats, Oils, and Oilseeds

U.S Soybeans, September Exports

U.S. exports of soybeans in September, the first month of the 1970-71 marketing year, totaled 29.6 million bushels. This quantity is more than double the 13.3 million bushels shipped in September 1969 and the highest September export total of record. The bulk of the increase was shipped to the European Community, Denmark, Japan, and Canada.

U.S. EXPORTS OF SOYBEANS

Country of destination	September 1969[1]	September 1970[1]	September-August 1968-69[1]	September-August 1969-70[1]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
Belgium-Luxembourg	0.3	1.4	10.2	16.1
France	0	.5	.3	5.0
Germany, West	1.0	2.5	30.5	41.8
Italy	0	0	16.4	25.4
Netherlands	1.8	4.1	40.7	57.4
Total EC[2]	3.2	8.5	98.1	145.7
Japan	6.2	8.2	69.9	101.4
Canada	2.1	5.2	37.9	66.1
Spain	.4	1.0	31.2	36.3
China, Taiwan	1.1	1.7	16.6	21.2
Denmark	0	3.1	11.8	18.4
Israel	0	.4	6.5	8.3
United Kingdom	.1	.3	4.8	7.5
Others	.2	1.2	10.0	23.8
Total[2]	13.3	29.6	286.8	428.7
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Oil equivalent	146.0	325.0	3,149.1	4,707.1
	1,000 Short tons	*1,000 Short tons*	*1,000 Short tons*	*1,000 Short tons*
Meal equivalent	312.6	695.1	6,739.2	10,074.9

[1] Preliminary. Bureau of the Census. [2] Computed from unrounded data.

U.S. Cakes and Meals, 1969-70 Exports

Soybean meal exports in September totaled 282,900 tons compared with 185,200 tons in September 1969.

The total for the marketing year reached a record 4.04 million tons—up 33 percent, or 991,100 tons, from the previous record attained in 1968-69. The 2.66 million tons exported to the European Community represented two-thirds of the total and an increase of 32 percent over the 2.02 million tons shipped in the previous marketing year. Record quantities of soybean meal were taken by all EC member countries except Belgium and Luxembourg. Other European countries that received record shipments included Ireland, Switzerland, Czechoslovakia, Hungary, Poland, and Yugoslavia. Major markets in Asia, namely Japan, South Korea, Lebanon, and the Philippines, all took record quantities of soybean meal.

Exports of cottonseed and linseed meals totaled 18,800 tons and 83,500 tons, respectively, during the 1969-70 marketing year. Total cake and meal exports reached 4.18 million tons compared with 3.19 million in 1968-69.

U.S. EXPORTS OF CAKES AND MEALS

Item and country of destination	September 1969[1]	September 1970[1]	October-September 1968-69[1]	October-September 1969-70[1]
	1,000 tons	*1,000 tons*	*1,000 tons*	*1,000 tons*
Soybean:				
Belgium-Luxembourg	5.1	21.5	166.9	219.0
France	25.3	52.6	471.8	622.9
Germany, West	32.1	21.2	636.5	855.9
Italy	20.5	18.4	231.9	309.5
Netherlands	35.8	53.2	515.8	659.0
Total EC	118.8	167.0	2,023.0	2,666.2
Canada	23.8	22.7	262.9	270.9
Yugoslavia	8.5	12.4	143.3	173.8
Hungary	0	23.1	28.6	170.6
Switzerland	3.5	8.8	64.3	111.8
Poland	0	0	103.0	109.9
Japan	0.2	16.5	19.9	83.9
Ireland	6.5	13.5	43.2	60.4
Philippines	2.9	4.5	43.8	49.1
United Kingdom	.7	2.3	38.5	42.9
Bulgaria	0	0	32.7	40.3
Czechoslovakia	0	0	2.2	36.2
Australia	1.5	1.1	25.4	34.3
Spain	16.6	0	96.1	34.1
Others	2.2	11.0	117.4	151.0
Total	185.2	282.9	3,044.3	4,035.4
Cottonseed	4.7	.1	15.0	18.8
Linseed	14.9	18.3	78.4	83.5
Total cakes and meals[2]	207.2	303.9	3,196.0	4,184.9

[1] Preliminary. [2] Includes peanut and small quantities of other cakes and meals. Bureau of the Census.

U.S. Edible Oils, 1969-70 Exports

September exports of soybean oil totaled 166.3 million pounds, an increase of 72 percent from the 196.9 million pounds exported in the same month a year ago. This brought the October-September marketing year exports to 1,419 million pounds—up 63 percent, or 549 million pounds from last year's total. Commercial sales, estimated at 668.3 million pounds in 1969-70, were much larger than usual and increased 539.1 million from last year. Public Law 480 shipments, at 751.1 million pounds, increased slightly—by 10.6 million from the 1968-69 total. The major recipients of soybean oil included Pakistan, India, Iran, and Tunisia, all of

which purchased soybean oil for dollars in addition to oil under P.L. 480.

Cottonseed oil exports in September totaled 17.8 million pounds, compared with only 4.7 million in September 1969. Exports for the marketing year reached 451.4 million pounds—up 225 percent, or 312.3 million pounds, from the 1968-69 total. Practically all exports of cottonseed oil represented commercial sales, except the 1.6 million pounds shipped as donations for distribution by voluntary agencies. Over two-thirds of the total was destined for the European Community, the United Kingdom, the United Arab Republic, Venezuela, and Iran.

U.S. EXPORTS OF EDIBLE OILS

Item and country of destination	September 1969[1]	September 1970[1]	October-September 1968-69[1]	October-September 1969-70[1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Soybean:[2]				
Pakistan	0	4.2	113.8	355.0
India	64.0	36.0	327.9	247.6
Iran	0	37.0	47.8	158.7
Tunisia	7.2	17.8	57.5	95.3
Peru	0	5.3	9.5	59.0
Morocco	2.9	12.4	28.1	52.9
Canada	3.2	5.2	29.0	51.0
Israel	1.7	1.8	34.2	37.7
Chile	1.1	10.7	30.5	37.8
U.A.R.	0	0	0	28.6
Dominican Republic	2.8	7.4	27.7	25.2
Mauritius	0	4.4	0	19.8
Haiti	1.2	1.1	19.2	19.2
Mexico	1.9	1.7	4.2	18.2
Colombia	([3])	.4	7.5	16.6
Panama	0	3.7	.4	16.6
Jamaica	1.2	.2	11.6	15.2
Others	9.7	17.0	120.7	164.7
Total	96.9	166.3	869.6	1,419.1
Cottonseed:[2]				
Belgium-Luxembourg	0	0	([3])	5.6
France	0	([3])	([3])	([3])
Germany, West	0	2.0	15.3	36.3
Italy	([3])	0	([3])	([3])
Netherlands	0	0	10.2	33.9
Total EC	([3])	2.0	25.6	75.8
United Kingdom	0	0	.1	70.1
U.A.R.	0	7.1	17.2	71.7
Venezuela	2.2	4.2	70.4	44.3
Iran	0	1.3	([3])	39.0
Mexico	0	0	([3])	33.8
Canada	.7	1.6	15.4	27.9
Poland	0	0	0	23.0
Pakistan	0	0	0	17.8
Sweden	1.5	1.5	7.5	13.5
Morocco	0	0	0	12.2
Dominican Republic	0	0	([3])	7.6
Others	.3	.1	2.9	14.7
Total	4.7	17.8	139.1	451.4
Total oils	101.6	184.1	1,008.7	1,870.5

[1] Preliminary. [2] Includes shipments under P.L. 480. [3] Less than 50,000 lb. Bureau of the Census.

U.S. Soy Lecithin Sold to USSR

Over 1.1 million pounds of soy lecithin were exported to the USSR in October with an export unit value of 9.75 cents. This export item has been reported by the Bureau of the Census as crude soybean oil.

Fruits, Nuts, and Vegetables

Special French Raisin Import Quota

The November 28, 1970, French "Journal Official" announced a special raisin import quota of 330 short tons (net weight) in containers of 15 kilograms (approximately 33.07 lb.) or less, from any origin. This quota will be subject to a reduced tariff duty totaling 1.2 percent, instead of 6 percent. Shipments may arrive through the ports of Marseille, Le Havre, or Dunkerque, or through the border crossings of Le Boulou, Le Perthus, La Junquera-gare, Hendaye, and Behobie-gare.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 9	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.08	0	1.94
USSR SKS-14	2.06	−1	1.78
Australian FAQ	1.90	([1])	([1])
U.S. No. 2 Dark Northern Spring:			
14 percent	2.08	0	1.87
15 percent	2.11	0	1.92
U.S. No. 2 Hard Winter:			
13.5 percent	1.98	−1	1.77
Argentine	([1])	([1])	1.73
U.S. No. 2 Soft Red Winter	1.86	0	1.54
Feedgrains:			
U.S. No. 3 Yellow corn	1.80	+3	1.46
Argentine Plate corn	1.92	0	1.84
U.S. No. 2 sorghum	1.64	+1	1.44
Argentine-Granifero	1.66	+1	([1])
Soybeans:			
U.S. No. 2 Yellow	3.29	−7	2.75

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Crops and Markets Index

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Foreign Agriculture

Canada's Proposed New Grain Policy (Continued from page 3)

• Initial prices and probable quota levels for wheat, barley, and oats would be announced each year by March 1 so that producers would not have to rely on last year's prices and quotas as a guide to seeding. The new prices and quotas would be designed to reflect prospects rather than past conditions.

• A method for recovering Government financial losses in pool sales of wheat, barley, or oats would be established so that if sales were insufficient in a certain year to offset payments to farmers, the deficit could be recovered in another year when market returns were higher. This would allow the price of a particular grain to be set high enough to encourage production for a promising long-term market although immediate export prices would not attract Canadian producers. The measure is aimed at barley.

• Government payments for the commercial storage of wheat under the Temporary Wheat Reserves Act are to be ended. This measure is intended to make wheat less of a preferred crop with farmers and may encourage production of alternative grains and oilseeds, such as barley and rapeseed.

• Up to $10 million a year would be spent by the Government to support market development programs for exports of Canadian foods and feeds. Initially, special emphasis would be placed on helping exports of grains and oilseeds and their products by cooperation between the Canadian Government and private organizations or the Canadian Wheat Board. A program of product research and development would also be established.

• While the Government plans to continue to guarantee payment by credit buyers of wheat, the wheat pool rather than the Government would assume costs of providing export wheat customers with medium-term credit (up to 3 years) at interest rates lower than commercial terms. Such costs would be considered a normal part of wheat export expenses. Costs of concessional sales of wheat (long payment period or very low interest) will continue to be paid by the Government.

• Government purchases of grains and oilseeds for distribution to developing countries through the Canadian International Development Agency as food aid would be continued.

• The grassland incentive program, begun in 1970, would be continued and expanded. Financial assistance would be provided to farmers to convert up to 4 million acres of grain land of all types to tame hay or pasture during the next 3 years. Previously, under this program, farmers were given help only for the conversion of wheat land to grass.

• Finally, in the publication of new grain policy proposals, some specific suggestions on grain and oilseed quotas were made. These suggestions were originally put forward by the report of the Boden Committee, which studied the quota delivery system in Canada.

First, it is proposed to set up quotas based on total cultivated acreage per farm with farmer option in crop allocation. But assignments in the spring would determine permitted deliveries in the fall. Under this system, the Wheat Board would never declare an open quota.

Second, a suggestion is made that productivity be included as a factor in the quota system in such a way as to reward farmers with high crop efficiency. But it is admitted that more study is needed before a formal proposal can be made on this issue.

Canada Announces a New Wheat Quota

The Canadian Wheat Board announced November 2 that a general quota on wheat of 2 bushels per quota acre will go into effect immediately in 27 Prairie shipping blocks. The action emphasizes the need to get No. 2 and lower grades of wheat to terminals so that Canada can meet its various export commitments, but the quota applies to all wheat grades.

The new general quota replaces the present advance quota on the lower grades of wheat and reduces the advance quota on durum wheat from 3 bushels to 1 bushel per quota acre. In addition to permitting the delivery of durum and lower grades of wheat, the new quota will permit the delivery of the higher grades (Nos. 1, 2, and 3 Northern) by producers who have not taken full advantage of the advance quota. Any deliveries previously made under advanced quotas for wheat will be applied against the general quota.

While the new quota permits producer delivery of all wheat grades, shipments from country elevators to terminals will be confined to No. 2 Northern and lower grades of wheat for the immediate future.